

KAUAI COUNTY HOUSING AGENCY

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM



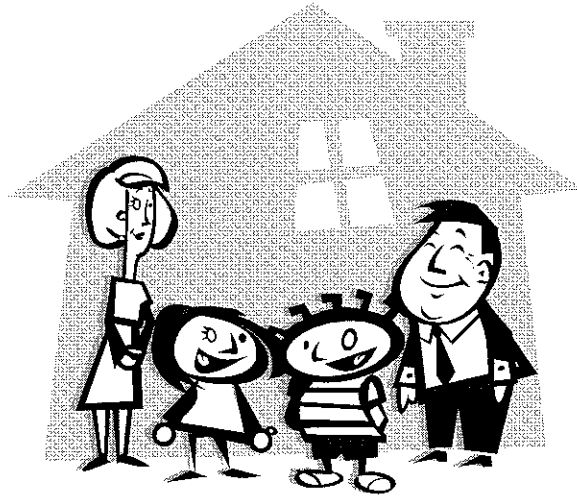
LANDLORD HANDBOOK



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INTRODUCTION

The Section 8 Housing Choice Voucher Program (formerly Section 8 Rental Assistance Program), enacted by the Housing and Community Development Act of 1974, is funded through and monitored by the United States Department of Housing and Urban Development (HUD).

The Kauai County Housing Agency (KCHA) was formed in May, 1976 by Ordinance No. 280, in recognition of the need to provide housing opportunities for low-income, elderly and disabled households and to participate in the federal Housing Assistance Payments Program under Section 8 of the Housing and Community Development Act of 1974.

The KCHA provides rent subsidy to eligible extremely and very low-income families through the Housing Choice Voucher Program. Under the Housing Choice Voucher Program families pay approximately 30% (and not more than 40%) of their monthly adjusted income toward rent and utilities. The KCHA makes a Housing Assistance Payment (HAP) for the remaining portion of the rent directly to the owner or to the owner's designee.

Families must meet eligibility requirements and family obligations under the program. Owner obligations are discussed further in this handbook.

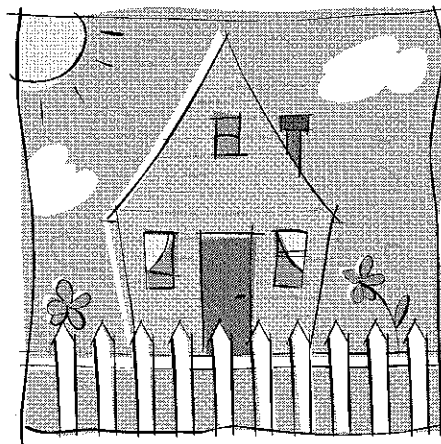
HOUSING CHOICE VOUCHERS

The Housing Choice Voucher is documentation the family has met program requirements, is eligible to receive rental assistance and agrees to the terms and conditions of the program. The family has 60 days (extensions may be granted in certain situations) to locate a unit that is decent, safe and sanitary. The voucher includes the family's name and the amount of bedrooms that they qualify for and the expiration date of the Voucher. Families may be allowed to rent units with less or more bedrooms than are listed on the voucher. Qualifying bedroom sizes are used in determining the amount of assistance to be paid by the housing agency on behalf of the family.

ELIGIBLE HOUSING

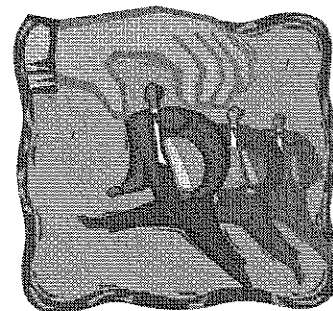
Most single family dwellings, including condominiums and townhomes are eligible types of housing. The types of housing that are NOT eligible for assistance are:

1. Housing owned by the family to be assisted.
2. Housing owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family; unless the KCHA has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities.
3. Housing owned by those who are prohibited from participation due to conflict of interest (such as Housing Agency employees).
4. Facilities providing continual psychiatric, medical or nursing services.
5. Rooming, Shared or Boarding homes.
6. Units in which families are being assisted under other subsidy programs.



SELECTION OF TENANTS

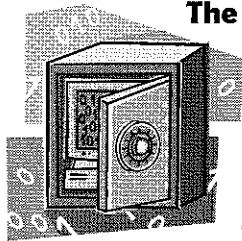
The KCHA certifies the family's eligibility for the program, but does not screen for tenancy suitability. The KCHA provides the prospective landlord the former landlord(s) contact information (if known). Potential landlords are strongly encouraged to screen families based on rental suitability factors such as timely payment of rent and utility bills, caring for a unit and premises, and respecting rights of other tenants to peaceful enjoyment of their housing. You should evaluate a prospective Section 8 tenant as you would any other renter.



Landlords are discouraged from allowing tenants to move into their unit without first having a lease agreement executed and assurance from the KCHA that a Housing Assistance Payment (HAP) contract will be executed. The KCHA is not responsible for any rent payments that the tenant may incur prior to the effective date of the HAP contract.

NOTE: The Landlord may rent to anyone he wishes, provided he does not discriminate against race, color, religion, sex, national origin, familial status, and handicap (disability). It is acceptable to have prospective tenants complete applications as part of the landlords screening process as long as it is done for all families. The selection of the tenant is at the discretion of the landlord. It should be emphasized that the KCHA does not screen tenants for suitability. The agency only determines program eligibility.

SECURITY DEPOSITS



The landlord is responsible for collecting a security deposit from his assisted tenants just as he does from his unassisted tenants. The landlord is strongly encouraged to collect this deposit prior to signing of the lease agreement. This security deposit is then credited toward any unpaid rent or damages when the tenant vacates. The landlord must follow State Law regarding security deposits. A copy of the current Handbook for the Hawaii Residential Landlord-Tenant Code is available at the

State of Hawaii Department of Commerce & Consumer Affairs or on their website located at http://www.hawaii.gov/dcca/areas/ocp/Landlord_tenant. The Housing Agency will not pay claims for unpaid rent, damages or vacancy loss. Landlords will treat Section 8 tenants in the same manner that non-Section 8 tenants are treated when they vacate a unit owing unpaid rent, damages or vacancy loss.

THE RENTAL PROCESS

Unit Pre-Approval

Once a family has been deemed eligible for the program, they are issued a Housing Choice Voucher that allows them to begin the search for a suitable rental unit. If they are already in a unit they may be allowed to use the voucher for that unit. It is recommended that you ask to view the voucher to ensure that this tenant has been deemed eligible and the voucher has not expired.

The tenant will ask for information to fill out a Pre-Approval Request sheet which includes basic unit information including the unit address, the number of bedrooms, the rental amount, the type of utilities (gas, electric etc.) and utility responsibilities (landlord or tenant). Once this information is received, the Housing Agency is required by HUD to ensure that::

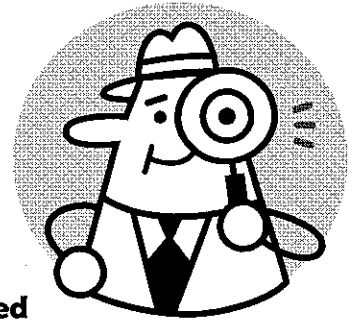
1. The proposed rent will be comparable to the rent for unsubsidized units on the market of similar size, features, amenities, and location; and
2. The portion of rent the tenant is required to pay does not exceed 40% of their adjusted monthly income.

If the proposed rent is considered excessive by HUD/KCHA standards, the landlord will be asked to negotiate a lower rent. There is no obligation to alter the rent. However, if the landlord is unable or unwilling to lower the rent, the unit cannot be further considered for this tenant and the family will need to look elsewhere.

- There can be no side agreements between the landlord and the tenant requesting the tenant to pay more than the KCHA approved rent.

HQS Inspection and Final Unit Approval

If the requested rent amount meets the criteria listed above and the tenant passes the landlord's screening criteria, the landlord must complete and or provide the following documents:



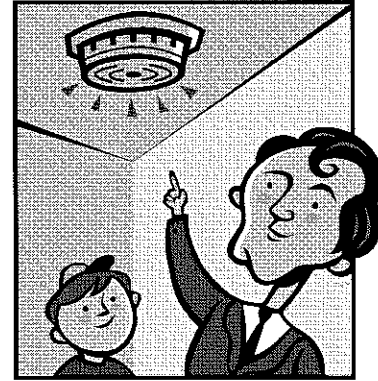
- ❖ Documentation of Ownership of the property (Warranty Deed, Real Property Tax Statement, or Closing papers). If there is an agent/agency assigned to represent the owner, a copy of a signed agreement/assignment must be provided.
- ❖ The "Unit Information Sheet" must be completed in it's entirety and signed and dated by both parties.
- ❖ The "Previous Landlord Contact Information" form should be reviewed and must be signed. We strongly encourage you to use this information to screen the tenant.
- ❖ The "IRS form W-9" for Federal Tax Identification Number or Social Security must be completed and signed.
- ❖ The "Tenant and Landlord Certification Regarding Leasing to Relatives" must be signed by both parties.
- ❖ The "Disclosure of Information on Lead-based Paint" must be completed and signed by both parties.

Once these items are received, a Housing Quality Standards (HQS) physical inspection is scheduled with the Landlord.

Housing Quality Standards play an important role in the administration of the Section 8 Housing Choice Voucher Program. The basic purpose of the inspection is to insure the unit meets all minimum standards required by HUD. The following is a list of some of the basic items necessary for a unit to pass inspection:

- No electrical hazards, inside or outside the unit
- All operable windows open and lock properly
- All doors open and close properly and any accessible from the outside lock properly

- All interior and exterior surfaces are free from cracking, scaling, peeling, chipping and loose paint
- All appliances and bathroom facilities are clean and in working condition
- Bathrooms have an operable window or a working vent system
- All bedrooms have at least one operable window
- Hot water heater is safely located, equipped and installed
- Plumbing, electrical and gas systems are safe, adequate, and in good working order
- No evidence of pest infestation
- Working smoke detector on each level
- Site and neighborhood are free from conditions that would endanger the health and safety of residents
- All homes having a swimming pool must have the pool separately and securely fenced from the housing unit



If serious HQS failures exist, the unit will require re-inspection after the failed items are corrected. A UNIT MUST PASS THE HQS INSPECTION BEFORE A LEASE AND HAP CONTRACT ARE EFFECTIVE.

After the initial inspection, the unit will be inspected at least annually to determine if the tenant and the landlord are maintaining it in a decent, safe and sanitary condition. Special inspections may be conducted throughout the year at the request of the landlord, tenant, KCHA or HUD.

When an annual or special inspection reveals the unit is in violation of HQS, the landlord and/or the tenant are responsible for correcting the deficiencies. The landlord is not held responsible for HQS failures caused by the tenant. The KCHA may terminate assistance to a family because of HQS breach by the family. If a landlord fails to correct HQS failed items, payments to the landlord may be abated and the contract terminated. If payments are abated, all deficiencies must be corrected before payments are resumed. Payments that are abated will not be reimbursed and cannot be collected from the tenant.

LEASE AND HOUSING ASSISTANCE PAYMENTS CONTRACT

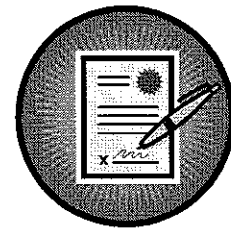
Once the inspection is completed, a Lease Agreement and Housing Assistance Payments (HAP) Contract will be prepared. A minimum one year initial lease is required by KCHA. If the landlord uses his own lease, the Tenancy Addendum with standard required HUD language will be attached and made a part of the lease agreement. The language in the lease addendum will prevail in the event of a conflict with a provision in the landlord's lease. The Lease Agreement and HAP contract must be executed before any housing

assistance payments are made to the landlord. *The Lease Agreement is between the Landlord and Tenant.* The Housing Agency is not a party to the lease. The Lease contains:

- The names of the authorized occupants in the unit
- The amount of the total monthly rent
- The amount of the security deposit the Landlord collected
- The utility services and appliances to be paid or furnished by the landlord or tenant
- The responsibilities of the landlord
- The responsibilities of the tenant

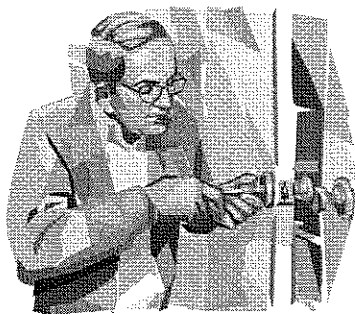
The Housing Assistance Payments Contract is between the Landlord and KCHA. The HAP contains:

- The name of the family to be assisted
- The names of the authorized occupants in the unit
- The address of the approved unit
- The amount of the Contract Rent
- The amount of housing subsidy to be paid by KCHA
- The amount of rent to be paid by the assisted family
- The landlord's rights and responsibilities
- The KCHA rights and responsibilities



RESPONSIBILITIES OF THE LANDLORD, TENANT & KCHA

The LANDLORD is responsible for:



- Screening and selecting tenants
- Enforcing the Lease
- All repairs to the unit other than those caused by tenant's neglect
- Collecting the security deposits and rent
- Abiding by the terms of the Lease and Contract
- Notifying KCHA if tenant vacates unit
- Providing a resident management agent if the landlord resides off island. This person cannot be the tenant of the unit

The Landlord is encouraged to give KCHA a copy of all tenant correspondence!

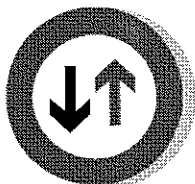
The KCHA is responsible for:

- Determining family eligibility
- Determining housing assistance payments and tenant portion of rent
- Inspecting the unit
- Executing the HAP Contract and necessary forms

The TENANT is responsible for:

- Any HQS breach caused by the family or guests
- Allowing the KCHA to inspect the unit at reasonable times and after reasonable notice
- Not committing any serious or repeated violations of the lease
- Notifying the KCHA and the Landlord, in writing, before the family moves from the unit or terminates the lease
- Giving the KCHA a copy of any Landlord correspondence including eviction notices
- Using the assisted unit as the only unit for residence by the family
- Requesting approval of the Landlord and KCHA to add any other family member as an occupant of the unit. The family must also notify the KCHA if any family member leaves the unit
- Not subletting, letting, assigning or transferring the unit to another party
- Not having any ownership interest in the unit
- Not engaging in drug-related criminal or violent criminal activity while in the unit
- Not receiving duplicate assistance for their unit

RENT INCREASES OR DECREASES



The Contract Rent may be adjusted on or after the anniversary date of the contract with a minimum 60 days written notice to KCHA with a copy to the tenant. To have a rent adjustment, the unit for which the rent is being adjusted must be in compliance with HQS, be reasonable and not exceed rents charged by the landlord for other comparable unassisted units. The landlord must otherwise be in compliance with the terms of the lease and contract.

Landlords must send a written request to the KCHA with a copy to the tenant stating the rental increase amount and an effective date (at least 60 days notice).

TERMINATION OF ASSISTANCE

Although the KCHA will work with tenants and landlords in an attempt to overcome any problems which may occur while on the Section 8 program, there may come a time where the only option left is to terminate the housing assistance payments which are being made on the tenant's behalf.

If the KCHA initiates an action to terminate the assistance, written notice of the decision will be sent to the landlord. However, the tenant has the right to request an informal hearing to contest the decision and HAP payments would continue until a final decision is rendered. If the decision to terminate is reversed the agency would inform the landlord and HAP payments would continue unabated.

During the term of the lease, a landlord has the right to terminate tenancy of a tenant who is in violation of the dwelling lease; however, any eviction notice must be issued in

accordance with the lease and State law. During the first year, the landlord must have cause to terminate the lease. Following the first year, if the lease continues without changes, cause is not necessary and a landlord may terminate the lease with proper notice. Copies of any eviction notices must be given to KCHA at the same time the landlord notifies the tenant.

In accordance with KCHA policy, a tenant wishing to remain on the Section 8 program is obligated to remain in the unit for at least 12 months before being given the option to move. However, if a tenant wishes to move and the landlord and tenant sign a mutual rescission of the lease it will be allowed. HAP payments will cease on the effective date of the rescission.

A tenant may choose to terminate their assistance from the Section 8 Program at any time. If they do, the landlord needs to understand that the lease will also terminate ending any obligation for the family to remain in the unit. In these cases, KCHA advises tenants who wish to move to give proper notice to the landlord in accordance with State law.

The HAP Contract terminates if:

- KCHA terminates program assistance for the family
- The family moves out of the unit
- The KCHA determines that available funding is not sufficient to support continued assistance for families on the program
- The KCHA determines that the unit does not meet HQS space standards because of an increase in family size or a change in family composition
- The KCHA determines that the landlord has breached the contract
- 180 calendar days has lapsed since the last housing assistance payment was made to the landlord (This refers to families who are paying the full amount of their contract rent but are still under lease and contract.)

It is important to note that if the HAP contract terminates, the lease automatically terminates as well. The landlord would need to draw up a new lease if they desire to have the tenants remain in their unit. The tenants would then be responsible for the entire rent.

CHANGE OF OWNER/LANDLORDSHIP



You must notify the KCHA if you put the property on the market for sale and once the unit is sold. As a provision of the HAP contract, the landlord may not assign the contract to a new landlord without the prior written consent of KCHA. The terms and conditions of the HAP contract remain the same for the new landlord as they were for the original landlord. The new landlord must provide KCHA proof of ownership of the subject unit by submitting a copy of the escrow closing statement, property tax bill, certified deed or similar document. In addition, the new landlord of the unit will be required to execute a Form W-9.

A change in ownership of the unit, such as a stock transfer or transfer of the interest of a limited partner, is not subject to this provision. The transferee shall give the KCHA a copy of the executed agreement along with proof of ownership of the unit such as an escrow closing statement or similar.

NOTE: Landlords that reside off-island are required to have an agent on-island. This agent cannot be a tenant of the unit.

FRAUD AND ABUSE

Incidents of fraud, willful misrepresentation or intents to deceive concerning the Section 8 Housing Choice Voucher program are criminal acts (Section 1001 of Title 18 of the United States Code). If a tenant, landlord or housing agency employee is suspected of committing any fraudulent actions, the KCHA is required to refer the matter to the proper authorities.



Examples of fraud involving tenants include:

- Allowing unauthorized people to move into the unit
- Not using the home as a full-time residence

Examples of fraud

involving landlords include:

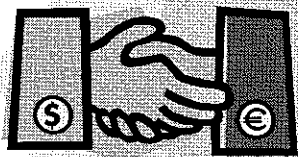
- Requiring extra ("side") payments over the KCHA approved family's share of the rent
- Allowing unauthorized people to move in with subsidized tenants (visits up to 30 days a year are allowed)
- Collecting subsidy payments for units not occupied by assisted tenants

Examples of fraud involving Housing Agency employees include:

- Accepting payments from landlords to certify substandard
- Certifying ineligible applicants as eligible
- Accepting kickbacks from landlords or tenants to allow rents in excess of the reasonable rent limitation

If you know of any violation or fraud being committed, or if you have questions on the subject, contact the KCHA at 808-241-4440. The KCHA and/or HUD will take any action warranted to ensure cases of fraud are prevented or prosecuted.

ADVANTAGES OF LEASING TO A KCHA ASSISTED TENANT



Timely Monthly Rent Payments

Having a contracted monthly assistance payment that is on time and guaranteed. Payments are usually sent by the first of the month. (The initial rent payment will take approximately two (2) weeks to process) If the tenant's monthly income drops, their portion of the rent can be lowered and KCHA's portion can be increased so the rent doesn't change.

Abundance of Participants

Participants to the Housing Choice Voucher Program are always actively looking for good landlords and quality units. You should never have low vacancy rates since there are plenty of participants to choose from. You can use your own selection criteria while remembering to stay within the fair housing guidelines. The KCHA provides prospective landlords with the names and telephone numbers (if known) of prospective tenants' present and previous landlords.

Minimal Paperwork

KCHA will prepare a standard HUD lease agreement with Tenancy Addendum and HAP Contract for you. You and the tenant must simply sign the forms to initiate payments.

Free Yearly Inspections

KCHA inspects the dwelling unit prior to executing a HAP Contract. KCHA will also inspect the unit annually thereafter. We perform emergency or complaint inspections if requested by either the participant or the landlord.

Free advertising

KCHA maintains a list of all landlords with properties available to rent. This list is provided to participants and applicants in search of housing.



Provide housing to Kauai families



Help KCHA provide safe, decent and affordable housing to over 700 Kauai families. You will have the satisfaction of knowing you are making a difference in your community.